

Debt Overview

The City has long term financial obligations in the form of several instruments such as Bonds, Certificates of Participation (COP) and Leases. While Bonds are considered a multi-year obligation, the other instruments are subject to annual appropriations and, therefore, not considered debt per the Tax Payer's Bill of Rights (TABOR).

Bond Ratings

To attain the lowest possible interest rates, the City obtains a credit rating from the major rating services. A strong rating provides for a lower interest rate which results in a lower cost to city taxpayers. The three major rating services are Moody's, Standard & Poor's, and Fitch. The following table presents a comparison of their respective ratings and their meaning:

Description	Moody's Rating	Standard & Poor's Rating	Fitch Rating
Best quality, extremely strong capacity to pay principal and interest	Aaa	AAA	AAA
High quality, very strong capacity to pay principal and interest	Aa	AA	AA
Upper medium quality, strong capacity to pay principal and interest	A	A	A
Medium grade quality, adequate capacity to pay principal and interest	Bbb	BBB to A-	BBB to A-
Speculative quality, low capacity to pay principal and interest	Ba and lower	BB and lower	BB and lower

Note: Within groups, Moody's designates those bonds with strongest attributes with a 1, for instance A1 or Aa1 would be of slightly higher quality than A2 or Aa2. Standard & Poor's and Fitch attach a "+" or a "-" to indicate slight variation within the rating groups. Examples would be AA- or A+ to indicate a credit better than an "A" but less than "AA."

The City's latest bond and certificate ratings are as follows:

Description	Moody's Rating	Standard & Poor's Rating	Fitch Rating
<u>Bond / COP Issue Type</u>	<u>Rating</u>	<u>Rating</u>	<u>Rating</u>
Sales & Use Tax Revenue Bonds			
Series 2007 – SCIP	Aa3	AA+	N/A
Series 2009 – SCIP	Aa3	AA+	N/A
Certificates of Participation			
Series 2009 – USOC	Aa3	AA-	N/A
Series 2011 – Old City Hall, Red Rock Canyon, Skyview	Aa3	AA-	N/A
Parking Revenue Bonds	not rated	not rated	not rated
Airport Revenue Bonds	Baa1	BBB+	BBB+

General Obligation Debt

General Obligation bonds are direct obligations that pledge the full faith and credit of the City for the repayment of principal and interest. The City's total general obligation debt limit per the City Charter is 10% of the assessed valuation, which is \$462.0 million for 2014. The total general obligation bonded indebtedness in 2014 is \$0. This leaves an available debt margin of \$462.0 million or 100% of the City's debt limit remains available.

Sales Tax Revenue Bonds

Sales Tax Revenue bonds are issued to finance the construction of various capital improvements. Sales Tax Revenues are used to repay the principal and interest of the bonds.

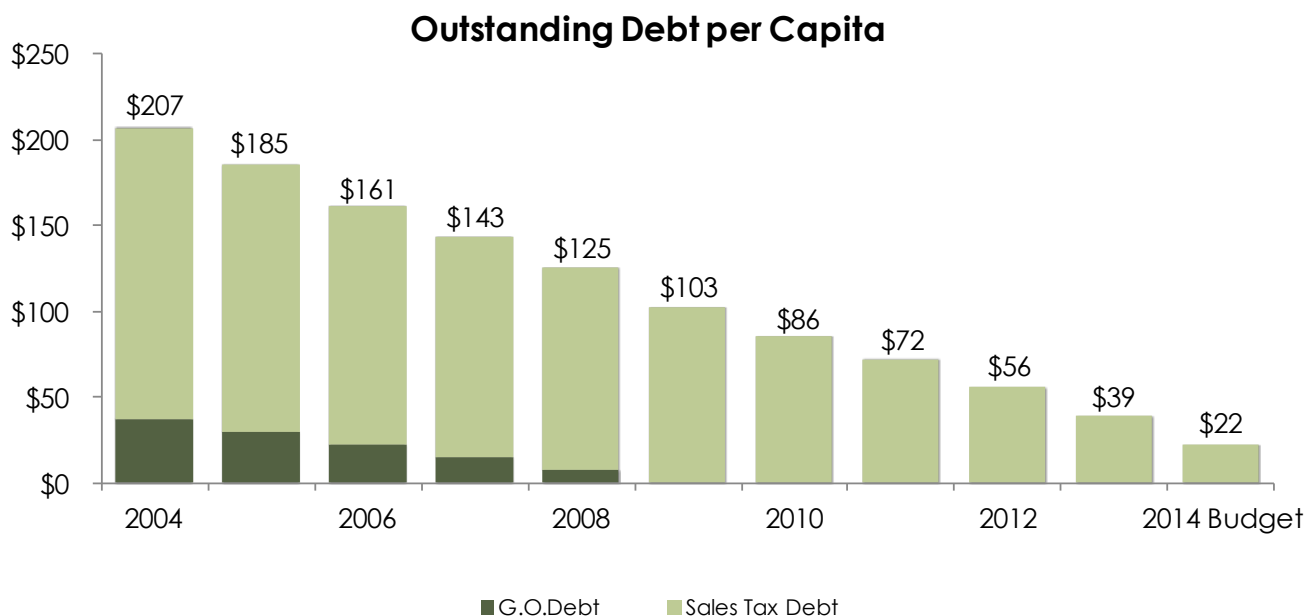
In May 1999, the City issued \$87,975,000 in Sales Tax Revenue Bonds. The bonds were issued for various capital improvement projects recommended by the Springs Community Improvements Program (SCIP) citizen committees. While these bonds do not count against the City's debt limit, they commit sales tax revenue to pay them. During 2007, the City refinanced approximately \$10.4 million of these bonds; in 2009, the City refinanced the remaining \$34.5 million. The 2014 payment totals \$7,843,450, of which is paid from a General Fund – General Cost account.

The following table reflects the future debt service requirements for all sales tax revenue bonds to maturity.

Springs Community Improvements Program (SCIP) – Combined Series 2007, Series 2009

Interest Rates on Outstanding Debt: 3.00% – 5.00%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	7,130,000	713,450	7,843,450
2015	7,340,000	498,750	7,838,750
2016	<u>2,635,000</u>	<u>131,750</u>	<u>2,766,750</u>
Total	\$17,105,000	\$1,343,950	\$18,448,950



In 2009, the G.O. debt was paid off and, therefore, the G.O. debt per capita is \$0. For 2014, Sales Tax debt per capita is \$22.

Airport Revenue Bonds

2002 Terminal Project (previously 1992A)

Interest Rates on Outstanding Debt: 4.50% – 5.50%

The 2014 payment totals \$4,264,138 and is paid through the Airport Enterprise Fund.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	2,920,000	1,344,138	4,264,138
2015	3,055,000	1,212,738	4,267,738
2016	3,200,000	1,067,625	4,267,625
2017	3,350,000	915,625	4,265,625
2018	3,510,000	756,500	4,266,500
2019	3,685,000	581,000	4,266,000
2020	3,870,000	396,750	4,266,750
2021	<u>4,065,000</u>	<u>203,250</u>	<u>4,268,250</u>
Total	\$27,655,000	\$6,477,626	\$34,132,626

2007A Airport System Revenue

Interest Rates on Outstanding Debt: 4.00% – 4.25%

The 2014 payment totals \$348,787 and is paid through the Airport Enterprise Fund.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	260,000	88,787	348,787
2015	270,000	78,387	348,387
2016	280,000	67,587	347,587
2017	295,000	56,388	351,388
2018	305,000	44,588	349,588
2019	315,000	32,388	347,388
2020	330,000	19,788	349,788
2021	<u>155,000</u>	<u>6,588</u>	<u>161,588</u>
Total	\$2,210,000	\$394,501	\$2,604,501

2007B Airport System Revenue

Interest Rates on Outstanding Debt: 4.00% – 4.375%

The 2014 payment totals \$618,163 and is paid through the Airport Enterprise Fund.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	340,000	278,163	618,163
2015	355,000	264,562	619,562
2016	480,000	250,363	730,363
2017	585,000	231,163	816,163
2018	610,000	207,762	817,762
2019	635,000	182,600	817,600
2020	660,000	155,613	815,613
2021	850,000	127,562	977,562
2022	1,050,000	91,438	1,141,438
2023	<u>1,040,000</u>	<u>45,500</u>	<u>1,085,500</u>
Total	\$6,605,000	\$1,834,726	\$8,439,726

Parking Revenue Bonds

1999 Parking System Revenue

Interest Rates on Outstanding Debt: 4.40% – 4.75%

The 2014 payment totals \$710,969 and is paid through the Parking System Enterprise Fund.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	565,000	145,969	710,969
2015	595,000	120,544	715,544
2016	625,000	93,025	718,025
2017	655,000	63,650	718,650
2018	<u>685,000</u>	<u>32,537</u>	<u>717,537</u>
Total	\$3,125,000	\$455,725	\$3,580,725

2006 Parking System Revenue

Interest Rates on Outstanding Debt: 3.70% – 4.40%

The 2014 payment totals \$346,907 and is paid through the Parking System Enterprise Fund.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	30,000	316,907	346,907
2015	35,000	315,783	350,783
2016	35,000	314,426	349,426
2017	35,000	313,070	348,070
2018	35,000	311,670	346,670
2019	715,000	310,270	1,025,270
2020	740,000	281,670	1,021,670
2021	770,000	251,330	1,021,330
2022	805,000	219,568	1,024,568
2023	830,000	186,160	1,016,160
2024	865,000	150,885	1,015,885
2025	905,000	114,122	1,019,122
2026	945,000	75,207	1,020,207
2027	<u>775,000</u>	<u>34,100</u>	<u>809,100</u>
Total	\$7,520,000	\$3,195,168	\$10,715,168

Certificates of Participation (COP)

Certificates of Participation are issued for particular projects and are repaid from lease payments made by the City for use of the acquired property.

In October 2009, the City entered into a lease-purchase agreement with the City of Colorado Springs Public Facilities Authority to issue COP's for the United States Olympic Committee (USOC) facilities project in the amount of \$31,470,000. The project includes office space for the USOC Headquarters in downtown Colorado Springs and certain improvements at the USOC Olympic Training Center. The 2014 payment totals \$1,700,275 which is paid from a General Fund – General Cost account.

USOC Project Series 2009

Interest Rates on Outstanding Debt: 2.00%– 5.00%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	225,000	1,475,275	1,700,275
2015	270,000	1,469,650	1,739,650
2016	320,000	1,462,225	1,782,225
2017	370,000	1,452,625	1,822,625
2018	425,000	1,440,600	1,865,600
2019	480,000	1,425,725	1,905,725
2020	540,000	1,408,925	1,948,925
2021	615,000	1,381,925	1,996,925
2022	690,000	1,351,175	2,041,175
2023	770,000	1,316,675	2,086,675
2024	850,000	1,278,175	2,128,175
2025	935,000	1,244,175	2,179,175
2026	1,025,000	1,206,775	2,231,775
2027	1,115,000	1,164,494	2,279,494
2028	1,210,000	1,118,500	2,328,500
2029	1,325,000	1,058,000	2,383,000
2030	1,445,000	991,750	2,436,750
2031	1,570,000	919,500	2,489,500
2032	1,710,000	841,000	2,551,000
2033	1,855,000	755,500	2,610,500
2034	1,950,000	662,750	2,612,750
2035	2,045,000	565,250	2,610,250
2036	2,150,000	463,000	2,613,000
2037	2,255,000	355,500	2,610,500
2038	2,370,000	242,750	2,612,750
2039	<u>2,485,000</u>	<u>124,250</u>	<u>2,609,250</u>
Total	\$31,000,000	\$27,176,169	\$58,176,169

Certificates of Participation (COP)

In May 2011, the City and the City of Colorado Springs Public Facilities Authority refinanced the 1999 Series Skyview Softball Complex, Series 2000 Old City Hall Project and the Series 2003 Red Rock Canyon Project COPs. Although this is part of a combined refinancing, the payments are separated as a result of multiple funding sources.

Skyview Softball Complex Series 2011 (1999 portion of combined 2011 series)

Interest Rates on Outstanding Debt: 2.0% – 5.0%

In September 1999, the City entered into a lease-purchase agreement with the City of Colorado Springs Public Facilities Authority to issue Certificates of Participation (COP's) for the Skyview Softball Complex in the amount of \$4,205,000. The project includes an adult sports complex consisting of six lighted softball fields and two lighted concrete fields designed for wheelchair sports.

The 2014 payment totals \$274,900 and is made from the Conservation Trust Fund and the Ballfield Capital Improvements Fund.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	220,000	54,900	274,900
2015	225,000	48,300	273,300
2016	235,000	39,300	274,300
2017	240,000	29,900	269,900
2018	250,000	20,300	270,300
2019	<u>240,000</u>	<u>7,800</u>	<u>247,800</u>
Total	\$1,410,000	\$200,500	\$1,610,500

Old City Hall Project Series 2011 (2000 portion of combined 2011 series)

Interest Rates on Outstanding Debt: 2.0% – 5.0%

In July 2000, the City entered into a lease-purchase agreement with the City of Colorado Springs Public Facilities Authority to issue COP's for the Old City Hall project in the amount of \$7,265,000. The project included a major renovation of Old City Hall and acquisition of the Police Training Academy and Impound Lot.

The 2014 payment totals \$516,075 and is made from the General Fund – General Costs and Police Department accounts.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	405,000	111,075	516,075
2015	425,000	98,925	523,925
2016	440,000	81,925	521,925
2017	460,000	64,325	524,325
2018	475,000	45,925	520,925
2019	300,000	22,175	322,175
2020	<u>205,000</u>	<u>7,175</u>	<u>212,175</u>
Total	\$2,710,000	\$431,525	\$3,141,525

Red Rock Canyon Project Series 2011 (2003 portion of combined 2011 series)

Interest Rates on Outstanding Debt: 2.0% – 5.0%

In November 2003, the City entered into a lease-purchase agreement with the City of Colorado Springs Public Facilities Authority to issue COP's for the Red Rock Canyon project in the amount of \$15,070,000. The project included the acquisition of approximately 732 acres on the City's west side.

The 2014 payment totals \$1,120,475 and is made from the Conservation Trust Fund and the Trails, Open Space and Parks Fund.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	930,000	190,475	1,120,475
2015	955,000	162,575	1,117,575
2016	995,000	127,375	1,122,375
2017	1,030,000	93,825	1,123,825
2018	<u>1,075,000</u>	<u>53,750</u>	<u>1,128,750</u>
Total	\$4,985,000	\$628,000	\$5,613,000

Lease Financing

In August 2013, City Council approved a bank lease-purchase agreement in the amount of \$7.4 million to refinance the 2007 bank lease-purchase agreement for the purchase of the City Administration Building. At the end of the term, the City will have the option to purchase the building for \$4,066,212. The total payment for 2014 is \$626,759 and is made from the General Fund – General Costs account.

City Administration Building – 2007*

Interest Rate on Outstanding Debt: 2.49%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	450,324	176,435	626,759
2015	461,666	165,093	626,759
2016	473,294	153,465	626,759
2017	485,214	141,545	626,759
2018	497,435	129,324	626,759
2019	509,963	116,796	626,759
2020	<u>390,884</u>	<u>79,185</u>	<u>470,069</u>
Total	\$3,268,780	\$961,843	\$4,230,623

Lease Financing

State Statue 29-1-103 (3) requires that all local governments set forth in the budget document all amounts for lease-purchase agreement obligations which involve funding commitments beyond the forthcoming fiscal year.

Description	1-1-14 Balance**	2014 Payment	12-31-14 Remaining
General Fund Lease-Purchase Obligations*	\$2,044,190	\$1,140,232	\$903,958

Description	1-1-14 Balance**	2014 Payment	12-31-14 Remaining
Other Fund Lease-Purchase Obligations	\$4,245,373	\$2,779,042	\$1,466,331

*The General Fund Lease Purchase Obligations shown above do not include the Lease Financing of the City Administration Building (CAB). The total Lease Purchase obligations including the CAB are \$5,312,970.

**The balance is defined as all remaining financial obligations for principal from January 1, 2014, through the retirement of all lease-purchase agreement obligations represented in the figures shown above.